



MICHELIN

THE MARKET

The wheel is an ancient device, but it has only been during the twentieth century that our lives have been changed beyond recognition by its use on cars, trucks, airplanes, trains and subway systems. Hand in hand with this development has been the monumental growth of the world tyre industry - now valued at more than US\$60 billion annually.

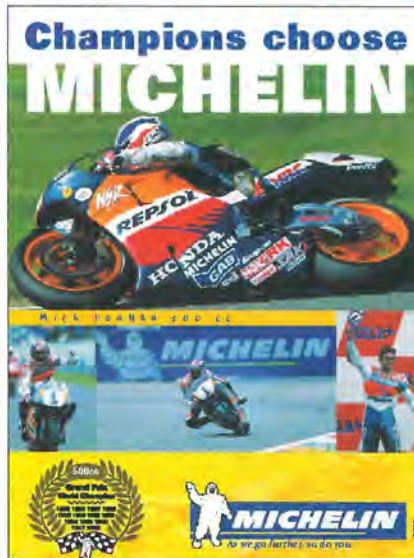
The three market leaders are Michelin (France), Bridgestone (Japan) and Goodyear (US). Other contenders include Continental, Sumitomo and Pirelli.

ACHIEVEMENTS

The Michelin Company is the world leader in the tyre market with almost a 20% share. Michelin is based at Clermont-Ferrand in France and operates 69 manufacturing plants in 15 countries, five rubber plantations in Africa and South America, five testing facilities and five research and development centres in France, Japan and the US. The company has a sales network in more than 170 countries.

Michelin has consistently pursued an effective marketing strategy, catapulting its "Bibendum" Michelin Man corporate symbol into the ranks of the great icons of brand history. In 1998, Michelin celebrated the symbol's centenary.

Michelin has consolidated its status by pioneering tyre products which have set standards for the entire industry.



HISTORY

Until 1889, the Michelin factory at Clermont-Ferrand, France, produced mainly rubber products such as hoses and general farming implements. Then a cyclist, with both tyres of his bicycle punctured, arrived at the factory in an ox cart. Andre and Edouard Michelin, the brothers who controlled Michelin, spent many hours repairing the tyres but these soon punctured again. This situation puzzled Edouard Michelin, and he spent some time

devising a solution - a detachable pneumatic tyre, which could be repaired in just fifteen minutes. This development was to revolutionise the world transport industry.

Having patented their detachable pneumatic tyre, the Michelin brothers sponsored an unknown cyclist, Charles Terront, in a bicycle race from Paris to Brest, using their tyres. Terront won the race by a full eight hours. Michelin then organised a bicycle race from Paris to Clermont-Ferrand, secretly depositing nail booby-traps en route. They found themselves with 240 opportunities to prove how easy it was to repair a puncture. A year later, more than 10,000 cyclists were riding on Michelin tyres.

Michelin's great breakthrough came with the car. The first cars used solid tyres. To demonstrate their pneumatic tyres, the Michelin brothers entered a car race from Paris to Bordeaux and after a series of trials, breakdowns and even a fire, finished ninth out of 210 competitors.

By 1905, a trading house had been set up in London. A manufacturing facility in Italy followed in the next year. Building on the company's successes in car races around the world, Michelin bought a US rubber company and started manufacturing tyres in the USA in 1908.

When the First World War broke out, Michelin turned its hand to airplane manufacture and made 1,884 planes for the French war effort.

After the war, Michelin developed tyres for passenger rail cars. A wave of international expansion followed, including the opening of Michelin plants in the UK. During the Second World War, the company refused to collaborate with the occupying German forces who took control of many of their manufacturing plants.

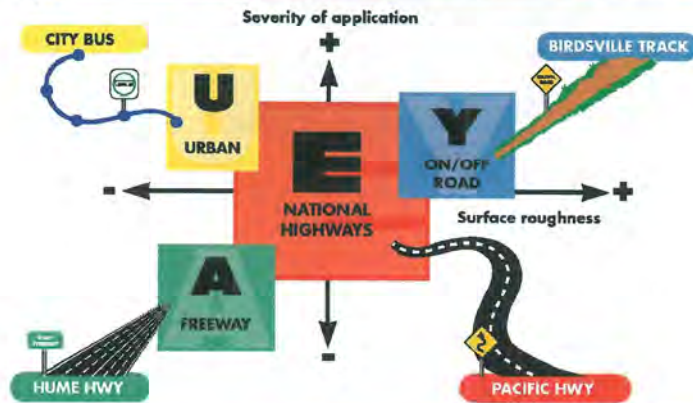
In 1946, Michelin registered the world's first radial tyre - known as the Michelin 'X' - the prototype of the pneumatic tyre we use today. This was truly a momentous event for the tyre industry. Michelin soon launched into massive expansion to meet demand. This entailed a move into the US market in 1950 with the incorporation of the Michelin Tire Corporation, based in New York, and the opening of ever more factories around the world. In 1966, Michelin made its ultimate breakthrough in the US market when Ford decided to launch its new model, the 1968 Lincoln Continental III, with Michelin's radial tyre.

During the 1970s, Michelin underwent explosive growth with 23 new plants to manufacture radial tyres. In the USA, the prize market for passenger vehicles, Michelin was by then the foremost supplier of tyre equipment. Michelin con-





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continued its aggressive expansion, particularly in the Far East. By the end of the 1980s, with the acquisition of the Uniroyal Goodrich Tire Company, Michelin had become the world's leading tyre manufacturer.

THE PRODUCT

Michelin provides over 3,500 types of tyres for virtually all kinds of vehicles including bicycles, motorcycles, cars, trucks, trains, airplanes and even the NASA space shuttle.

The company has been a pioneer in the industry since 1889 when it developed that first detachable pneumatic tyre. Other firsts have included the tread pattern (1905); the twinned wheel used on buses and heavy goods vehicles (1908); rail-tyres, called "Michelines" (1929); the radial tyre, developed in secret during the Second World War and now the standard for most motor-vehicles (1946); tyres for aircraft like the Boeing 777 (1980s); and tyres for tube trains, first used in Montreal in 1951. Michelin has also developed tyres for rallying and racing, and helped Ferrari win the Formula One World Championship.

A particularly successful offshoot of Michelin's core activity has been Michelin road maps and guides. The intention behind the creation of the maps was to get more people onto the roads. Andre Michelin, an ex-official at the French Ministry of the Interior Map Department, supervised the publication of the first Michelin Guide in 1900.

RECENT DEVELOPMENTS

Michelin has made great strides in tyre safety, as well as in durability and speed. In 1990, responding to public environmental concerns, the company announced the 'Green Tyre'. This reduces rolling resistance, thus saving fuel and helping to reduce pollution. A range of "Green X" energy-saving tyres, branded Energy, is available for cars. In 1995, an Energy truck tyre range was developed, promising a 20% reduction in rolling resistance and up to 6% fuel savings.



Michelin has developed partners and investments in the Asia Pacific region. It is now involved in 26 companies in the area and has factories in four countries: Japan, China, Thailand and The Philippines. Michelin Australia was formed in 1997 as part of the company's plans to become a leading tyre supplier in the region.

Between 1960 and 1990, Michelin was opening an average of one new factory every nine months. After its acquisition of US-based Uniroyal Goodrich in 1989, Michelin began consolidating its current interest to best effect. It now plans to boost its US manufacturing facilities by \$900 million. Last year, the company also acquired a majority shareholding in a Polish tyre-making concern and announced a joint venture in China.

PROMOTION

Michelin secured a strong marketing presence with its familiar symbol Bibendum, the Michelin Man. This congenial figure built out of tyres has been used in all Michelin's poster/TV advertising, corporate literature, and features on all Michelin road-maps. He has even been converted into key-rings, inflatable balloons, desktop ornaments and toys. Bibendum is one of the oldest and best-loved corporate logos in the world.

He was conceived by Edouard Michelin at an exhibition in Lyon in 1898, when a stack of tyres looked to him almost like a human figure. His brother Andre, with the artist O'Galop, conceived the Michelin Man in a now-famous

poster of a rotund 'bon vivant' wine drinker made of tyres, raising a glass of road debris (overcome by Michelin tyres, of course). A sign overhead read "Nunc est Bibendum" - "now is the time to drink". The name Bibendum was coined by a famous race driver, Thery.

In addition to its high-profile TV and press advertising campaigns, Michelin also publishes Michelin Sport, highlighting the company's strong associations with rallying, touring cars and motorcycle racing. Michelin's notable Formula One Grand Prix successes have been with Renault and Ferrari.

BRAND VALUES

Michelin is a truly international brand with an outstanding heritage. It is renowned for its pioneering and groundbreaking achievements in the tyre industry. These feats have been achieved through a full understanding and anticipation of customers' needs, combined with an open-minded approach - learning from past experiences, but consistently looking beyond the here and now to something even better.

Customers have come to expect consistent high quality and reliability from the tyre company which works to ensure we travel in safety and with ease, guided by its road maps. Michelin is always prepared to "take a great tread forward".

THINGS YOU DIDN'T KNOW ABOUT MICHELIN

- At the start of the century, the first electric car, known as "La Jamais Contente" (The Never Satisfied), was the first automobile to travel at over 60 miles per hour. At that time, it was the fastest car ever. It rode on Michelin tyres.
- The Michelin Man - known as Bibendum - has proved to be a powerful marketing tool. His persona is so important that only a very few select artists at any time are permitted to draw him to ensure that he always looks the same all over the world.
- During the 1930's, Michelin bought the beleaguered Citroen Car Company and restored it to the status of a great French car maker.
- The famously opulent Michelin Building first opened in Fulham Road, London, in 1911, and was re-opened in 1987.
- Michelin is by far the biggest employer in Clermont-Ferrand, the French town where its headquarters is based, employing 16,000 local people. There is a road, 'Boulevard Edouard Michelin' named after the company's co-founder and a bar called 'Les Bibs' after Bibendum, the famous Michelin Man logo.
- Each day, Michelin produces on average 770,000 tyres, 95,000 inner tubes and 4 million kilometres of cable.